

An Post Code of Conduct for Directors

1. Introduction

An Post is a national organisation with a high profile in Ireland. An Post's reputation and the trust and confidence of those with whom it deals is one of our most vital corporate assets. The protection of this asset is of fundamental importance to An Post and a key ingredient for success. This Code is designed to maintain trust and confidence in An Post by setting out directors' responsibilities to An Post.

This Code of Conduct ("the Code") applies to all the directors of An Post. It also applies to directors of subsidiary and associated companies within the An Post Group. Reference throughout the Code to "the Company" means An Post or the subsidiary or associated company in which the director acts. Reference in the Code to "a connected party" (or "connected persons") means the following:-

- (a) spouse, parent, brother, sister, child or step-child
- (b) a body corporate with which the director is associated
- (c) a person acting as the Trustee of any trust, the beneficiaries of which include the director or persons at (a) above or the body corporate at (b) above
- (d) a person acting as a partner or any person who by virtue of (a) – (c) above is connected with the director.

The Code outlines the responsibilities of each director to the Company and amongst other things establishes procedures for dealing with any potential conflict of interest which may arise between the responsibilities of a director and any other outside interest which he/she or a connected party may have. The Code is not a full statement of the obligations of a director arising from his/her relationship with the Company.

This Code of Conduct:

- establishes an agreed set of ethical principles to guide directors in their business conduct;
- is designed to promote and maintain confidence and trust in the Board of An Post generally; and
- seeks to prevent the development or acceptance of unethical practices.

2. General Responsibilities

At all times it is the responsibility of each director to ensure that he/she acts within the law in general and in particular in fulfilling his/her duties as a director. It is the responsibility of each director to satisfy himself/herself as to what is lawful or otherwise. It is also the responsibility of each director to ensure that all of these activities, whether covered specifically or otherwise in this document, are governed by the ethical considerations implicit in these procedures. Good example from directors helps ensure that proper ethical values are observed and accepted at all levels in the Group.

The Chairman, the Chief Executive and the Company Secretary shall ensure that the directors are supplied, on a timely basis, with information of a suitable quality to enable Directors to satisfactorily discharge their duties.

3. Confidentiality

The directors of the Company in the course of their duties have access to confidential information and are required to preserve the confidentiality of such information. In this regard attention is drawn to Article 93 of An Post's Constitution which states:-

"Every Director, Chairperson, Chief Officer, Statutory Auditor, Trustee, member of a committee, officer, servant, agent, accountant, or other person engaged in the business of the Company, shall keep strictly secret and confidential, and shall not disclose to any person save as may be authorised by the Board, or by some person duly authorised by the Board, or use otherwise than solely for the benefit of the Company in the course of his duties, or as may be required by law, any confidential information or any books, documents or records in relation to the business, affairs and accounting records of the Company and its dealings with customers, suppliers and others; and shall if required by either the Minister or the Board execute an undertaking, in such form as the Board may determine, to perform all of the obligations contained herein, and to indemnify the Company against any loss occasioned as a result of his failure to do so. For the purpose of this Article "Company" shall include all subsidiary and associated companies of the Company and "confidential information" shall mean that which is expressed to be confidential either as regards particular information or as regards information of a particular class or description"

Directors should take particular care to safeguard all Company documents. Directors can liaise with the Secretary to arrange secure disposal of Company papers or other data. Any director, ceasing to be a director, is personally responsible for ensuring that all Company documents in his/her possession are returned to An Post and that all electronic copies of such documents are securely deleted.

4. Conflict of Interest

4.1 The duty of each director is to act at all times solely in the interests of the Company to the exclusion of all other considerations.

A conflict of interest exists in any situation where the personal or other interest of a director or a connected party might in any way affect the discharge by a director of his/her duties or his/her deliberations in a situation where a director or a connected party could benefit. It makes no difference that the Company does not suffer by the conflict of interest. A director or his/her relatives, friends or associates must not under any circumstances obtain any such benefit. A director must desist from dealing with the situation giving rise to the conflict of interest and may not in any way seek to influence decisions on the matter.

4.2 With regard to the issue of Conflict of Interest attention is drawn to Article 47 of An Post's Constitution which states:-

- (1) It shall be the duty of a Director of the Company who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the company, to declare the nature of his or her interest at a meeting of the Directors in accordance with section 231 of the Companies Act.
- (2) A Director may not vote in respect of any contract, appointment or arrangement in which he or she is interested and he or she shall not be counted in the quorum present at the meeting.

4.3 In addition to the requirements specified in Article 47 regarding disclosure of interests, this Code of Conduct establishes for each director a more specific requirement regarding disclosure of interests and procedures to be followed where a conflict of interest may exist.

4.3.1 Declaration of Director's Interest

On appointment to a Board each director should furnish to the Secretary details of his employment and of all other business interests including shareholdings and professional relationships. Disclosures over and above those required by the Companies Acts will be treated as confidential.

The interests of any connected party which are or may be in conflict or potential conflict with businesses of the An Post Group should be disclosed as far as they are known to the director.

Notes:-

Disclosure of minor shareholdings is at the discretion of the Board. A holding valued at more than €13,000 in the shares of a company is not considered minor. Shareholdings valued in excess of €13,000 should be disclosed although the value need not be disclosed except where the shareholding is 5% or more of the issued share capital of the particular company.

Each director should consult the Chairman if in doubt regarding disclosure of an interest of his/her own or a connected person (as defined above).

4.3.2 Register of Directors' Interests

The Secretary will maintain a confidential Register of the interests of each director. The Register will be updated on a half yearly basis. Changes in interests should be notified to the Secretary in the interim as soon as possible. Only the Chairman, Chief Executive and Secretary will have access to the register. Use of the register will be strictly limited to the requirements of this Code.

International Accounting Standard, IAS 24, Related Party Disclosures, requires disclosure of material related party transactions in the annual financial statements. Related parties are defined as follows:-

- When one party has control or joint control of the other party;
- A member of the key management personnel of the reporting entity or the parent of the reporting entity; or
- When one party has significant influence over the other party.

For the avoidance of doubt, the following are related parties:

- Parent company subsidiaries and fellow subsidiaries;
- Associates and joint ventures;
- Directors / Board members;
- Pension Funds;
- Close family – same household;
- Key management; and
- Persons acting in concert – partners.

Directors should disclose any material related party transactions, not already disclosed under sections 4.3.1. or 4.3.2. above, to the Secretary or Chairman for inclusion in the financial statements. The independent external auditor reviews related party transactions as part of its annual audit of the financial statements.

4.3.3 Interests in Tenders to An Post

Directors should notify the Secretary, who will circulate such notifications to the Board of An Post, of any such interests at the time the tender is submitted. It is recommended that directors avoid such conflicts of interest and, in any event, they should not be involved in making submissions or representations on behalf of the related party for the purpose of the tender.

4.3.4 Attendance at Board meetings where a conflict of interest may arise

Board or Company documents on any case which relates to Company dealings with the interests declared by a director will not be made available to the director. (Such documents are taken to include those relating to cases involving competitors to the declared interests).

As it is recognised that the interests of a director and persons connected with him/her can change at short notice, a director should, in cases where he/she receives documents relating to his/her interests or of those connected with him/her, return the documents to the Secretary.

A director should absent himself/herself when the Board is deliberating or deciding on matters in which he/she (other than in his/her capacity as a member of the board) or a person or body connected with him/her has an interest. If the Chairman has a conflict which requires him to absent himself from the Board meeting, the Board shall select one of its members to chair the meeting during his absence.

In such cases a separate record (to which the director will not have access) will be maintained.

Where a question arises as to whether or not a case related to the interests of a director or a person or body connected with him/her, the Chairman shall determine the question and his/her decision shall be final. If the Chairman is aware that a director has an interest which may conflict with a matter due to be discussed at a Board meeting, the Chairman should take appropriate action to ensure that the Board and the Board member is not compromised.

5. Gifts and Benefits

A director must not obtain personal advantage from any person dealing with the Company.

In particular a director must not accept any gifts, or inducements where the value of such could make it appear that the person giving the gift is attempting to influence the director to gain advantage. Any such gifts or inducements received should be returned tactfully with the request that no gifts be forwarded in future.

The detailed provisions on giving and receiving gifts, sponsorship and entertainment set out in the Staff Code of Conduct, supplemented by the An Post Policy on Gifts, Entertainment and Sponsorship, should be observed by directors.

6. Staff Code of Business Conduct

Directors are required to comply with the An Post Group Staff Code of Conduct, and that Code is an integral part of this code.

7. Raising Matters of Concern

An Post has a Policy and Procedures for Raising Matters of Concern (complying with the Protected Disclosures Act 2014) which refers to the disclosure of malpractice, illegal acts or omissions within the Company. Directors are expected to use the procedures set out in that policy to report any instances of illegal or unethical behaviour by any of the Company's directors, managers, employees, agents or contractors. Malpractice is taken very seriously and An Post is committed to the highest possible standards of openness, probity and accountability.

In addition to the above policy, where directors become aware of non-compliance by An Post Group with its statutory obligations, they should immediately bring this to the attention of their fellow directors with a view to having the matter rectified. In the event that the matter is not rectified within a reasonable timescale, it should be brought to the attention of the Minister.

8. Obligations

Directors are required, to the extent it is within their power, to meet the following obligations which help ensure the director and An Post comply with all applicable Government Guidelines and Codes of Practice and Irish and EU law.

- Use their reasonable endeavours to attend all Board and Committee of the Board meetings.
- Fulfil all statutory and regulatory obligations imposed on An Post.
- Comply with the Postal and Telecommunications Services Act, 1983, the Ethics in Public Office Act and the Companies Act 2014. In particular, Directors should comply with their fiduciary duties and general duties set out in the Companies Act 2014 and summarised in Appendix 1 to the Code.
- Be approved by the Central Bank as meeting regulatory requirements for Fitness and Probity Standards
- Comply with the provisions of the Lobbying Act 2015.
- Ensure that the Minister is kept advised of significant matters arising in An Post.
- Co-operate with relevant regulatory and supervisory bodies.
- Ensure that the Company's Annual Report and Statutory Financial Statements and reports of the Directors and Statutory Auditors therein accurately reflect the business performance of the Company and are not misleading or designed to be misleading.
- Ensure that taxation and welfare legislation is complied with. Ensure that An Post does not engage in offensive tax avoidance strategies or transactions.
- Compete vigorously and energetically but do not engage in unethical, illegal or criminal activities.

- Co-operate with Internal Audit in the internal audit process.
- Keep their tax affairs, both personal and business, in order and up to date.
- Ensure An Post competes fairly in accordance with EU and Irish Competition Law.
- Adhere to the Code of Practice for the Governance of State Bodies (2016).
- Comply with An Post's policies on Dignity at Work, Equality and Disability
- Ensure An Post's Purchasing Procedures and Capital Expenditure Approval Procedures are adhered to.
- Ensure that there are adequate controls in place to prevent material fraud, irregularities or misreporting including compliance with expense reimbursement procedures.
- Directors must not accept positions or consultancy or similar work after their retirement/resignation as a director which could give rise to conflicts of interest or concerns as to confidentiality.
- Directors shall comply with An Post's Policy and Procedures in relation to Travel and Subsistence when submitting claims for travel and subsistence expenses.

9. Integrity and Fairness

Directors should be (and be seen to be) selfless and objective. They must be seen to be beyond reproach in their conduct and must take care to avoid any hint of suspicion attaching to their activities. Directors should not engage in any activity or conduct, either directly or indirectly, which might bring discredit on him/her or on the Board, or which might occasion embarrassment to the Board. Directors shall ensure that nothing they do or say should ever weaken An Post and its Board of Directors. Directors will avoid publicly criticising An Post. Directors should be extremely sensitive of their positions when dealing with third parties so as not to suggest or imply that they are prepared to intervene with An Post on their behalf in any abnormal or unusual fashion. Directors should generally avoid involving themselves in An Post's operational or management matters other than as specifically authorised by the Board or the Chairman.

Directors are required to adhere to the highest standards of personal and professional integrity. In particular directors should:

- Subject to their fiduciary duties set out in Appendix 1, take decisions solely in terms of public interest. Directors will not act for personal gain or for the benefit of family and friends.
- Decide issues objectively on their merits.
- Participate in Board activities vigorously but also ethically and honestly at all times.
- Ensure An Post conducts its business fairly.
- Comply with employment and equal status legislation within An Post.
- Value customers and treat all customers equally and encourage all staff to do likewise.

If there is doubt about the probity of any particular situation, the Chairman should be consulted about that situation by the individual concerned.

10. External Communications

An Post's communications with stakeholders should be regulated where possible by the Board of An Post and co-ordinated by its Chairman. The Board has determined that it is the role of the Chairman to manage effective communication with the shareholders and that it is the role of the Chief Executive to manage effective communication with the shareholders' representatives and other key stakeholders.

Directors support An Post in the provision of access by An Post to general information relating to its activities in a way that is open and enhances its accountability to the general public.

11. Loyalty

Directors take account of the interests of An Post's shareholders when performing their duties. Directors are required to be loyal to the Company and be fully committed to all of An Post's business activities. Directors acknowledge their duty to act ethically in accordance with this Code.

Directors must respect their fellow directors and An Post's employees and contractors and the role they play, treating them with courtesy at all times. A director may also be called upon to represent An Post in dealing with the public and/or other external organisations. In these circumstances, it is the director's duty to maintain the reputation of An Post by treating people in a helpful and courteous manner; on a timely, reliable and, where appropriate, confidential basis; and in an open and efficient way.

12. Work/Environment

Directors ensure systems, equipment and procedures are implemented to promote and preserve the health and safety of the Company's staff.

Community concerns are considered by directors when taking decisions.

Directors seek to minimise any detrimental impact on the environment.

13. Circulation of Code

This Code will be circulated to all directors for their retention. Directors will be required to acknowledge their receipt and understanding of same. Annual confirmations, confirming their adherence to this Code, will be requested from directors.

14. Failure to comply with the Code

Failure by a director to comply with this code of conduct may result in his/her actions being referred to the Minister for Communications, Energy and Natural Resources by the Chairman and will make a director liable to such action (including removal from the Board) as deemed advisable by the Minister.

The arrangements set out below will be followed to deal with actual or suspected breaches of the Code of Director's Conduct. As the Code covers a broad range of matters ranging in gravity from what might be considered relatively trivial matters

through to indictable offences, the proposed procedures may need to be tailored to meet the requirements of the specific incident being considered.

Any suggestion that the Code of Conduct for Directors may have been breached should be referred to the Chairman or the Secretary who will refer the matter to the Board at the earliest available opportunity. The Board will decide whether the matter should be referred to an existing Committee or to a sub-group of the Board to investigate and establish the facts as far as possible. In doing so, the Board will request the Committee / sub-group to complete its investigation promptly but with due regard to the principles of natural justice. The Committee / sub-group will then prepare a report on the issue for consideration by the Board. The Board of An Post will decide what action, if any, An Post should take on the matter and will consider whether the matter should be referred to the Minister, together with a note of the actions being taken by An Post. The Board may, if it considers it appropriate, make recommendations to the Minister as to any action he/she should take in respect of the matter. The Board may decide to brief the Minister on such matters at any stage during this process as part of its duty of keeping the Minister, the majority shareholder, informed of material events in the Group.

Directors who are the subject of such allegations must absent themselves from any Board, Committee or sub-group discussions of the matter unless specifically requested to attend the relevant meeting or part of the meeting.

Some actual or suspected breaches of the Code may constitute illegal acts or acts requiring to be reported to Regulators. In such cases, the matter may also be referred by the Company to An Garda Síochána, where the matter falls within their remit, and/or to the relevant Regulator or State body [e.g. Revenue Commissioners]. This action will be taken by the Company independently from the above process although the results of such reporting and investigations may be used to inform the Board / Committee / sub-group during the process noted above.

15. Review

This Code will be reviewed at least every two years.

20 October 2016

Appendix 1 – Companies Act 2014

The principle fiduciary duties are:

1. to act in good faith in what the Board member considers to be the interest of the company;
2. to act honestly and responsibly in relation to the conduct of the affairs of the company;
3. to act in accordance with the company's constitution and exercise his or her powers only for the purposes allowed by law;
4. not to benefit from or use the company's property, information or opportunities for his or her own or anyone else's benefit unless the company's constitution permits it or a resolution is passed in a general meeting;
5. not to agree to restrict the Board member's power to exercise an independent judgment unless this is expressly permitted by the company's constitution;
6. to avoid any conflict between the Board member's duties to the company and the Board member's other interests unless the Board member is released from his or her duty to the company in relation to the matter concerned;
7. to exercise the care, skill and diligence which would be reasonably expected of a person in the same position with similar knowledge and experience as a Board member. A Board member may be held liable for any loss resulting from their negligent behaviour; and
8. to have regard to interests of the company's members.

The Companies Act 2014 also includes a number of general duties for directors:

- Directors must ensure compliance with the Companies Act and the various tax acts.
- Directors must ensure that the company secretary is suitably qualified.
- Directors must acknowledge the existence of their duties by signing a declaration to that effect.
- Directors must take into account the interests of the members of the company and have regard to the interests of the employees.
- Restrictions on loans, quasi loans, credit transactions and certain guarantees and security exist for directors, but will be subject to the new summary approval procedure.
- Directors must disclose any interests in contracts made by the company.
- Directors must notify the company of any interests in shares in the company, its parent or subsidiary but no obligation arises if the shares held represent less than 1% of the share capital of the company or the shares do not have voting rights.

Directors who are found to be in breach of their duties will be liable to account for any gains accrued and must indemnify the Company for losses resulting from any breaches of duties. A court may grant relief from liability where it is satisfied that a director acted honestly and reasonably at all times.